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Agenda item 4

ADOPTION OF THE REPORT OF THE COMMISSION ON THE FIRST PART OF ITS EIGHTEENTH SESSION

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Draft report

Addendum

Chapter

RECOMMENDATIONS OF THE COMMISSION ON TRANSNATIONAL CORPORATIONS TO THE PREPARATORY COMMITTEE FOR THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT

1. The Commission considered agenda item 3 at its 1st and 2nd meetings on 23 and 24 January 1992. It had before it the report of the Secretary-General entitled "Transnational corporations and sustainable development: recommendations of the Executive Director" (E/C.10/1992/2).

2. In introducing the item, the Chairman of the Commission noted that to help set the agenda for environment and development into the next century was the opportunity of a lifetime for the Commission.

3. The Executive Director of the United Nations Centre on Transnational Corporations recalled Economic and Social Council resolution 1991/55, in which the Council requested him to prepare, after extensive consultations with all the relevant parties, action-oriented and practicable recommendations on cooperation for protection and enhancement of the environment in all countries. Those recommendations would form the basis of the contribution of

the Commission on Transnational Corporations to preparations for the United Nations Conference on Environment and Development (UNCED) to be held in Brazil in June 1992.

4. The Executive Director noted that international business and Governments should know what was expected of one another. It was not a choice between command and control mechanisms and market forces but - as the real world required - a mixture of the two. The recommendations indicated the expectations for international business, Governments and international organizations. Industry had made great strides in recent years in terms of self regulation; however, no Government member of the Commission had undertaken an effective environment policy without an environmental protection law. It was in that context that market-based incentives would be effective. In the benchmark survey, transnational corporations had reported that the main impetus for a global corporate environment policy was law in their home countries and that international corporations wanted the international community to establish clear guidelines and standards. The Centre had conducted an open process of consultation with international business organizations such as the International Chamber of Commerce and the Business Council on Sustainable Development, transnational corporations, non-governmental organizations such as church groups, academics and other experts. Governments had assisted by providing expert advisors. More than 250 written responses had been received. The entire process was possible owing to, among other things, support from the Governments of Norway and the Netherlands. In following the design that the Preparatory Committee had laid out for Agenda 21, the recommendations formed a comprehensive work plan for the future. Like a medium-term plan, they included objectives, goals, outputs and schedules. In preparing the recommendations, the Centre had consolidated, in one statement, principles on transnational corporations and environmental protection from other forums such as the International Labour Organisation and the Organisation for Economic Cooperation and Development. It expressed general principles which had been articulated by international business through industrial associations but had not yet been adopted by intergovernmental bodies. It built upon the policies and practices of current leading environmentally sound management.

5. Many delegations expressed their satisfaction with the Centre's well researched and well documented work, undertaken in the preparation of the recommendations. Some delegations felt that the recommendations should have been less specific. Many delegations felt that the important issues relating to the environment and business practices should be reflected in the reports of the Preparatory Committee at its fourth session and of the Conference. There was general support for the notion that the Centre's work in the area should be geared to large enterprises, including transnational corporations, business practices and the environment.

6. One delegation, speaking on behalf of a regional group, said that the countries of the region were particularly satisfied with the detail and breadth of the recommendations. He noted that the document would rectify the lack of references to business practices and the environment in the current

draft of Agenda 21. Since there was not enough time during the session to discuss the report in detail, the regional group wished the report to be sent in its entirety to the fourth session of the Preparatory Committee in order for it to be fully discussed in that arena.

7. One delegation, speaking on behalf of another regional group, stressed the need to address all business enterprises rather than focus on transnational corporations, and noted that large business enterprises, especially transnational corporations were already making a contribution to environmental protection. Other delegations agreed with that idea. In general, the recommendations appeared too regulatory. The regional group was of the opinion that the Preparatory Committee should also take into account other relevant work on business practices and the environment such as the Business Charter for Sustainable Development and the Report of the Conference on Ecologically Sustainable Industrial Development presented by the Director-General of UNIDO in Vienna in November 1991.

8. Some delegations were particularly concerned that the recommendations were too regulatory in nature and did not give enough attention to market mechanisms. A few delegations indicated that the recommendations gave rise to fundamental objections and were not acceptable to their Governments. Moreover, one delegation felt that transnational corporations and home countries could not be responsible for lack of regulation in host countries.

9. Other delegations stressed the usefulness of the report in preparing Agenda 21, since little attention had been given thus far to the issues addressed by the recommendations. Those delegations trusted that the report in its entirety would be forwarded to the Preparatory Committee. Many of the recommendations could usefully be considered by the Committee when it dealt with the issues of transfer of environmentally sound technologies. Other recommendations could either be fitted in or merged to form their own section. Those delegations appreciated the attention given to targets and costs.

10. Another delegation noted that the recommendations rightly recognized the effective contributions that corporations had already made and recommended that some independent medium might be created to deal with business and sustainable development. Finally, one delegation noted that the recommendations, in addition to contributing to Agenda 21, would be of great value at the national level to strengthen the dialogue between Government and business circles on environmental protection and enhancement.